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OPENING STATEMENT

SUBJECT:

ECONOMIC AGGRESSION IN CHINA AND RELATED EAST ASIA
(1932-1945)

PRESENTED BY:

HENRY A. HAUXHURST

ASSOCIATES:

ALBERT WILLIAMS
HENRY CHIU
DAVID N. SUTTON

INTERNATIONAL PROSECUTION SECTION

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MAY IT PLEASE THE COURT:-

The Japanese economic aggression followed the invasion of the Japanese armies. There were two ways in which control of the invaded territories could be accomplished. One was to administer them as Japanese colonies. The other was to "consolidate and foster them as independent nations." Both methods required occupational forces, for the invaded territories were hostile and anti-Japanese.

Japan's economic situation required additional natural resources and raw materials to supplement her own. Markets were necessary for her manufactured products and finished goods. The leased rights, which she had acquired in 1905 as a result of the Russo-Japanese War, in the Kwantung Peninsula and along the railway north from Dairen placed her in a strong position and gave her the opportunity to demonstrate how rich Manchuria and other parts of China were in these needed raw materials and resources.

But Japan was bound by treaty obligations to respect the integrity of China. As has been shown, two main incidents were created. They were called "Incidents" because war, and especially an aggressive war, would be a violation of these treaty obligations. As a result of these incidents Japan came into possession of almost all the valuable resources and necessary raw materials in Manchuria and China. Evidence

6906

has already been presented to show the military occupations beginning first in Manchuria and then extending to northern and eastern China. By propaganda, as has been shown, Japan attempted to demonstrate that she was the destined leader to create and control an economic bloc including not only Manchuria but all of China and the territories to the south. With her military forces in possession Japan could create provisional and controlled governments in the occupied territories and through these provisional governments enforce her will and carry out a plan of treating them as pretended independent states.

Evidence has already been introduced in connection with the military aggression which followed these incidents to show how Manchoukuo was established as a so-called "independent state." This evidence includes portions of the Lytton Report which described in great detail the establishment of the State of Manchoukuo. Other evidence shows that the foundation of Manchoukuo followed a plan formulated and executed by the Kwangtung Army and later adopted by successive Japanese governments. In 1933 the first step in the plan for the control of all business and industry in Manchuria was taken when on March 1 of that year a General Outline of the Economic Construction Program of Manchoukuo was proclaimed and the foundation for a policy of "controlled economics" was laid down. This program was supplemented

6906

and implemented by laws and ordinances promulgated from time to time by the Manchoukuo Government with the approval of the Kwantung Army and the Japanese Government. This placed Japan in control of the natural resources of Manchuria. This control and monopolistic policy was further strengthened by government investment in various enterprises as they were originated, organized and developed.

Japan delayed recognition of the independence of Manchoukuo until September, 1932 when by protocol it was agreed, among other things, that Japan and Manchoukuo would cooperate in the maintenance of their national security and that such Japanese forces as might be necessary for this purpose would be stationed in Manchoukuo.

Japan's position in Manchoukuo was strengthened by the purchase of the North Manchuria Railway from Russia. The acquisition of this railway tended to eliminate all foreign interests in Manchoukuo except those of Japan. In this connection, Japan guaranteed the performance of the obligations which Manchoukuo had made to Russia in connection with this purchase.

An agreement was made with Manchoukuo to create a Japan-Manchoukuo Joint Economic Commission for the purpose of determining important matters regarding the interrelation of the economies of the two countries. Japan and Manchoukuo were to be equally represented on this Commission which Japan

6906

in fact controlled. In March, 1934, Manchoukuo adopted a new Organic Law which provided that Manchoukuo should be an Empire. The then Chief Executive became the Emperor of Manchoukuo.

In January, 1937 the five-year industrial development plan was announced. This second period construction program called for the development of necessary resources for national defense as part of the economic bloc. In this connection on May 1, 1937 a law controlling important industries was promulgated which was supplemented by an ancillary ordinance which listed the industries affected by it.

In December, 1937 the Manchurian Industrial Development Corporation was organized as a semi-government corporation to expedite the coordinated establishment of heavy industries and to provide for their control. These beginnings in the economic control of industry and business show the fundamental principles of the economy which Japan set up in Manchuria and constituted the foundation of the new Economic Bloc.

In China, the Japanese Army was at all times in control of the occupied territory, selected with a view to military and economic strategy. Evidence has heretofore been introduced to show that the invasion of China as a result of the China Incident was more successful than the attempted invasion following the Manchurian Incident. The situation in China proper was different from that in Manchuria when Manchoukuo was established by Japan. In China proper there was an

6906

existing recognized Government. Only the resistance of this National Government prevented Japan from gaining complete control over all China, whereas in northeastern China, known as Manchuria, Japan was already in partial control of the country by virtue of her Leased Territorial Rights. Therefore, the army, as it advanced in China, undertook to promote and establish controlled governments for the occupied territories and thereby to bring about the disintegration of the Chinese Republic. For example, in December, 1937 a "provisional government" was established at Peiping. In March, 1938 a "reformed government" was established at Nanking. After Wang Ching-wei left Chungking in December, 1938 conferences were had between him, the Japanese government and the heads of the provisional governments which had already been established. As a result of these conferences a so-called "National Government of the Republic of China" was proclaimed on March 30, 1940. The device of treating this new government as the real national government of China was adopted. On November 30, 1940 a joint treaty was made between Japan and China and a joint declaration of the governments of Japan, Manchoukuo and China was executed as part of a plan to establish a new order in East Asia. But this did not change the fact that the Japanese armies were in China and in control. Nor did it change the situation so far as the possession of Chinese resources were concerned for they were under the control of the Army. The North China Development Company and

6406

the Central China Promotion Company were organized with Japanese capital, governmental and private, under ordinances passed in 1938 expressly to accelerate economic development and to coordinate and adjust undertakings in China.

It will be shown that these companies were under the control of the China Affairs Board which was organized in 1938 to carry on the work of reconstruction in China by "coordinating and unifying" the forces at home directed towards the consummation of the achievement of the "China Affair" and to keep in close touch with the developments in China. This Board was presided over by the Prime Minister. Upon the formation of the Ministry of Greater East Asiatic Affairs the China Affairs Board became the China Affairs Bureau of that Ministry.

Nor did the treaty and joint declarations on November 30, 1940 affect the fact that the secret agreements which were made contemporaneously with the Sino-Japanese basic treaty in 1940 destroyed all pretense of an independent China. The new governments which had been created in China and Manchuria were obliged to follow the economic policy laid down by Japan and had to comply with her demands. To illustrate: the declaration on November 5, 1940 by Japan of a programme for economic construction embracing Japan, Manchoukuo and China in which was laid down a basic policy for the creation of the East Asiatic Sphere of Common Prosperity. This left no one in doubt as to Japan's intention to control occupied territories.

6406

On October 30, 1943 the "Pact of Alliance between Japan and the Republic of China" was entered into. The Treaty of November 30, 1940 and the documents attached thereto thereby "lost their validity." It merely confirmed Japan's policy for a Greater East Asiatic Co-Prosperity Sphere.

The Japanese plan as thus developed and carried out was a plan to secure among other things the economic domination of all East Asia including (1) acquisition of resources for the prosecution of the aggressive war, (2) exclusion of foreign interests in China, and (3) the construction of a world Empire. As so executed it was in violation of International Law, treaties, agreements and assurances and particularly the 9-Power Pact and treaty notes and assurances between Japan and the United States.